GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:182
ANSWERED ON:24.08.2007
REJECTION OF CREDIT CARD
Shaheen Shri Abdul Rashid

Will the Minister of FINANCE be pleased to state:

(a) whether RBI has received complaints stating that no reasons for rejecting the application for a credit card and also for refusing a loan to a customer have been communicated by the banks in writing to the complainants; and

(b) if so, the details thereof and the action taken against those banks who do not follow the directions in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) & (b): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.182 FOR 24TH AUGUST, 2007 REGARDING REJECTION OF CREDIT CARD TABLED BY SHRI ABDUL RASHID SHAHEEN

(a) & (b) : The Reserve Bank of India (RBI) has received representations from the public about rejection of their loan / credit card applications without assigning reasons thereof. Government has advised RBI / Indian Banks` Association (1BA) to take appropriate corrective measures to ensure that customers of the banks get efficient and hassle free banking services at affordable charges. Banking Ombudsmen have been appointed for quick disposal of the complaints of the bank customers. The banks are also required to set up internal grievance redressal mechanism to redress the grievances of their customers in a time-bound manner.The revised Banking Ombudsman Scheme, effective from 1st January, 2006, provides a forum to the bank customers to seek redressal of their complaints against banks including those relating to credit cards, service charges, promises made by the sales agents of the banks but not honoured by banks, etc. RBI has issued Fair Practices Code for Lenders on 5th May 2003 advising commercial banks and All India Financial Institutions that in case of small borrowers seeking loans upto Rs. 2 lakhs, the lenders should, within a stipulated time, convey in writing the main reasons which have led to rejection of the loan applications. IBA has issued a Fair Practices Code to be voluntarily followed by the member banks. The Code provides that, wherever possible, reasons for rejection of loans including credit card limits be conveyed to the customers. The Banking Codes and Standards Board of India (BCSBI) has been set up to ensure that the banks formulate and adhere to a comprehensive code of conduct for fair treatment to customers.